

TRANSCO WORKSTREAM REPORT

"Interruptible Transportation Charges"

Version 1.0

Modification Proposal 0555 Development Work Group Report

Interruptible Exit Capacity

The Modification Panel is requested to accept this report as a reflection of work group discussion and to direct that the Modification Proposal should be issued for consultation.

The Proposal is intended to enable credits, the calculation for which is to be determined by Pricing Methodology PC74, to be paid to Users if occurrences of interruption at a site exceed 15 days in a formula year. The Proposal has also been circulated to End Users for comment.

Equitability

The work group wished to understand if the equitability algorithm would need to be changed to enable Transco to target 'least cost' interruption. Transco clarified that the existing process would continue to be the basis for identifying sites to be interrupted. The algorithm will have the effect of minimising the probability that sites are interrupted more than 15 days, which should fulfil the objective of the incentive. Transco indicated that it anticipated a limited shelf life (two winters at most) and a limited frequency of interruption above 15 days so it has concluded that significant systems development should be avoided.

Measurement of Credit

Members requested clarification of whether credits could only be calculated at the end of a formula year. Transco indicated that it interpreted the proposed licence as allowing a daily snapshot to be taken such that on a day that a credit is generated the calculation will be based on the SOQ and firm exit charge avoided on that day. Transco indicated that it had obtained from the Regulator confirmation that its interpretation was correct.

TNI

An argument was put forward that removal of the present TNI discount should not be progressed. Transco indicated that the discount rate was subject to consultation as part of Pricing Consultation PC74. The intent of the Modification Proposal is to enable those charging arrangements to take effect.

Use of SOQ/Bottom stop SOQ

The workgroup discussed which form of SOQ should be used to determine the credit. Users are aware that Bottom stop SOQ is used for rate determination within the present LDZ transportation charging arrangements and that SOQ's identify the volume to which the rate must be applied. Transco indicated that in a similar manner SOQ's would be used to identify volumes and that the rate would be set in accordance with the licence methodology which in turn seeks to identify firm exit capacity charges forgone.

Information

A number of End Users and work group members had indicated that publication of site specific information could reveal commercially sensitive information to the disadvantage of End Users in particular. The work group agreed that publication of generic information aggregated to LDZ level would be more appropriate. The expectation is that NTS sites will be included with LDZ level information for the corresponding geographic location.

Substitution

The work group discussed whether Users alternate site nominations should contribute towards the count of cumulative interruption. There was general recognition that Transco should control the nomination of sites if it is to be able to respond to its incentive. However, not allowing any substitution by Users could be viewed as unnecessarily restrictive, therefore the group accepted the aspect of the business rules that enables Users to offer alternate sites for interruption as per the existing Network Code rules whilst maintaining a cumulative interruption count based on Transco nominations.

Shared Supply Meter Points

The group agreed that pro rata arrangements would be appropriate.

Partial Interruption

The group agreed that interruption of a site for part of a day would count as one day for the purposes of maintaining a count. Similarly part interruption of a site would count as one day.

The Modification Panel is requested to recommend that Modification Proposal 0555 be issued for Consultation.